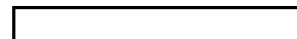


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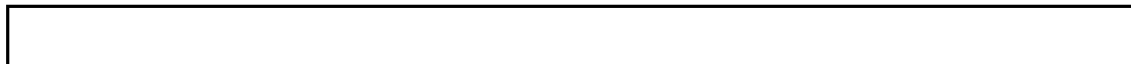
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DAILY BRIEF

*Laos: Souvanna Phouma, despairing of an early agreement on a coalition government, left Xieng Khouang for Europe on 2 January. Souvanna had set a deadline of 1 January for Vientiane to respond favorably to a compromise approach to negotiations [REDACTED]

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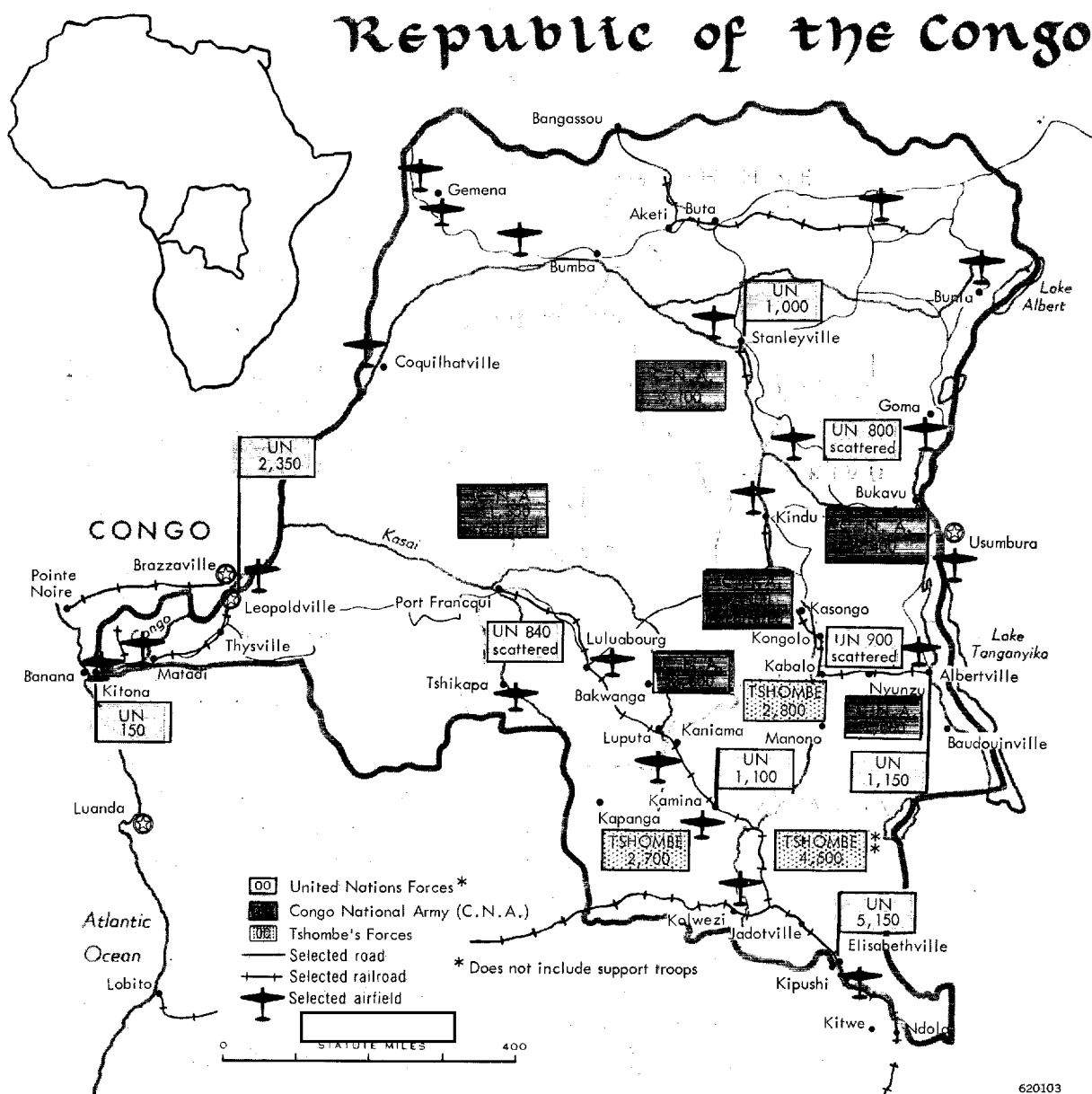
[REDACTED] Prior to leaving Laos, Souvanna declared his willingness to return immediately should the "national task" demand it. He probably hopes his departure will crystallize the situation and stimulate increased diplomatic pressure on Phoumi by the West. Souvanna also may be contemplating a direct approach to the Geneva conference to help resolve the impasse.

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Phoumi has taken this obdurate stand with the knowledge that it jeopardizes continued US support. He has threatened to "abandon Laos to its fate" should this support be withdrawn, but probably has other plans of action which he would try first. He may attempt to provoke renewed hostilities by attacking sensitive areas held by the enemy in the hope that the US would become embroiled on Vientiane's side. He may also withdraw his forces to southern Laos in a secessionist move. While Kong Le/Pathet Lao forces may initiate limited offensives on their own to force resumption of political talks, they probably would attempt to avoid full-scale hostilities for fear of precipitating US intervention. [REDACTED]

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* The numerical strength of Tshombe's forces in the Elisabethville area has been reduced in the recent fighting, but there are no reliable figures on the number of casualties.

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CENTRAL INTELLIGENCE BULLETIN

Map Page

*Congo: Tshombé's announced withdrawal of his 1,800-man garrison from Kongolo removes the only significant obstacle to control of northern Katanga by Stanleyville-based Congo Army forces and anti-Tshombé Baluba tribesmen. In recent weeks Tshombé has been forced to employ mercenary units to combat Congo Army incursions west of Baudouinville; he probably feels that the Kongolo garrison can be more usefully deployed in central or southern Katanga than in defense of a remote outpost. The current status of the withdrawal is unknown.

UN officials in Elisabethville have characterized Tshombé as appearing "more sad than angry" regarding President Kasavubu's attempt to convene the Katangan parliament at Kamina. Tshombé reportedly accused Kasavubu of "quibbling" concerning legalities at a time when he, Tshombé, wished to carry out the "understandings" connected with the Kitona talks. Tshombé has insisted that the Katangan parliament must meet at Elisabethville to "ratify" the Kitona accords.

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The reported arrival of two Soviet Ilyushin aircraft in Cairo with relief supplies destined for the Congo indicates that the Soviet Red Cross is apparently proceeding with its offer to Adoula of unilateral economic assistance to flood-ravaged areas of Equateur and Orientale provinces. (In conversation with Ambassador Gullion, Adoula stated on 28 December that he had emphasized to the Soviet chargé that all foreign aid must be channeled through the UN. There are indications, however, that Foreign Minister Bomboko may have been less emphatic in view of the Soviets' apparent willingness to treat with the Adoula government.) Arrival of the Soviet goods in Leopoldville would probably result in considerable pressure on Adoula to accept the goods on terms acceptable to the Soviets.

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*Pakistan-India: Pakistan's Foreign Secretary Dehlavi confirmed on 30 December that his government's decision to reopen the Kashmir question in the UN Security Council in mid-January was "absolutely firm." He felt confident that President Ayub would not be deterred by New Delhi's invitation to cabinet minister Burki for a preliminary discussion next week of the Kashmir problem, a proposal considered and rejected by Pakistani leaders about two months ago. While Ayub is convinced that Pakistan must take advantage of the more favorable conditions in the UN resulting from India's seizure of Goa for a debate on Kashmir, he apparently is intent on avoiding a major substantive clash in New York which would close the door to an Ayub-Nehru meeting after the Indian elections in February. Pakistani tactics, as outlined by delegation leader Zafrullah Khan, call for only nominal consideration of Kashmir in the Security Council at this stage, with substantive debate delayed until some time in March. Ayub probably hopes that a blend of moderate pressure on India in the UN, diplomatic efforts by Western governments, and continued encouragement of high-level negotiations eventually will bring Nehru to the conference table in a reasonable frame of mind.

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Burma: Under Prime Minister Nu's inept administrative leadership, Burma has been drifting into a state of economic stagnation and political insecurity. The resulting increase in disillusionment with the country's political leadership provides a favorable atmosphere for the growth of Communist influence.

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Nu's badly split governing Union party itself is Communist infiltrated.

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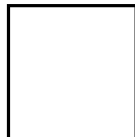
DAILY BRIEF

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Although the army continues as the country's only significant armed power base, General Ne Win has a strong distaste for politics. The army, moreover, is preoccupied with internal security problems created by the growing disaffection of Burma's ethnic minorities.

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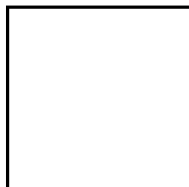


Venezuela: A power struggle has developed within Venezuela's Democratic Action (AD) party which at least temporarily threatens the strong political position of President Betancourt and his government coalition. Two AD factions--Betancourt's moderate "old guard" and a more nationalistic radical group which is in the majority on the national executive committee--sponsored separate meetings of the party's national directorate beginning on 27 December. Top leaders were apparently almost equally divided in their attendance. Attempts to work out a compromise solution to the contest for control of the party and its policies are continuing, but a showdown may not develop until the AD national convention now scheduled for some time this month.

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The US Embassy in Caracas believes that the situation is serious but not yet critical and that the odds favor the ultimate victory of Betancourt and the old guard. The present internal dissension is nevertheless of wide proportions and carries with it the potential danger of an open split in the party.

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Common Market: [The Common Market (EEC) countries have evidently found a device which would still permit the EEC to move, effective 1 January, to the second of its three four-year stages as outlined in the EEC treaty. Although the EEC Council failed at its 29-30 December meeting to take the required unanimous decision to open the second stage, this]

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meeting has been technically recessed, rather than adjourned, and Council President Erhard has announced that EEC legal experts believe the necessary decision can be taken when the Council meeting resumes on 4 January.

Before recessing late on 30 December, the Council had made considerable progress toward resolving the dispute over the EEC's farm policy, the only remaining obstacle to the opening of the second stage. Still at issue, however, are such matters as the exact date on which the move toward a single price level for farm products should begin, administration of various safeguard devices, and the regulation of trade in dairy products. The Council intends to remain in continuous session until these issues are settled.

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DAILY BRIEF

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Burmese Opposition Leader Fears the Breakdown
Of Political Order

Prime Minister Nu's return to office in the February 1960 elections resulted primarily from a popular revolt against the authoritarian administration of General Ne Win and a desire for a return to the easy-going ways of civilian rule. Recognizing this factor, Nu immediately attempted to eliminate as many of the army-instituted administrative reforms as possible and thus consolidate his personal popularity with the voters.

Government employees fired by the army for corruption or inefficiency have been returned to office, and cases against political leaders charged with crimes ranging from treason, murder, and kidnaping to corruption in office have been dropped. Except for action required for the implementation of his campaign pledges, such as the establishment of Buddhism as the state religion, Nu has avoided taking controversial decisions by referring them to study committees. As a result, the government has had almost no leadership and the administration has ground to a halt.

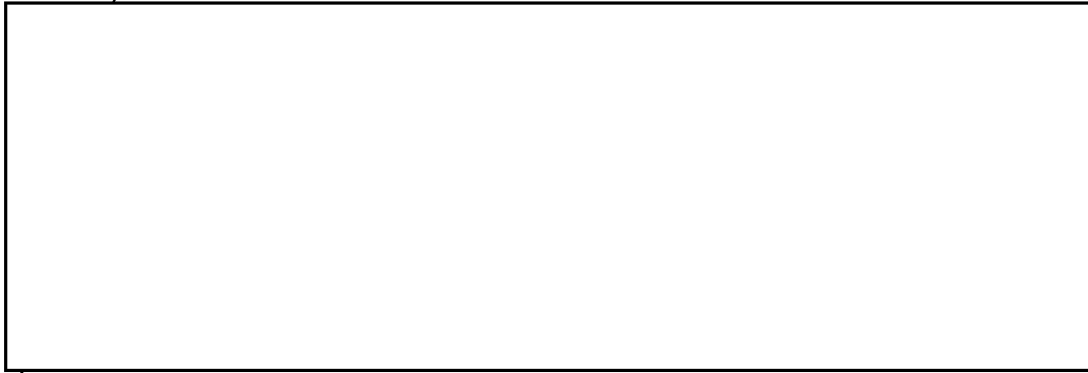
The governing Union party is similarly leaderless. Nu, its president, carried into power with him a disparate collection of feuding, personalized cliques bound together only by Nu's popular appeal and their greater dislike of the leaders of the opposition AFPFL. Before the elections Nu was able to exercise a degree of control over this group, but since he took office his influence has weakened. He has been able to restrain extreme party infighting only through the threat to resign, and this threat has come to be less effective as the cliques of the Union party have consolidated into two factions.

These factions, the "U-Bo's" and the "Thakins," are divided more on lines of personal loyalty than political ideology, although the Thakin faction is considered further to the left and [redacted] is already Communist infiltrated. The U-Bo faction is made up largely of the better educated, more cosmopolitan of Burma's politicians, university graduates, and former army officers. The Thakins, on the other hand, are primarily men of little formal education and of a more parochial outlook; their base of power is in the rural areas and poorer sections of the cities. The feud between these two factions appears to be headed for a showdown at the Union party conference, tentatively scheduled for late January or early February. It appears likely that the

Thakins would win in such a showdown, and that under their leadership conditions in Burma would deteriorate even more rapidly.

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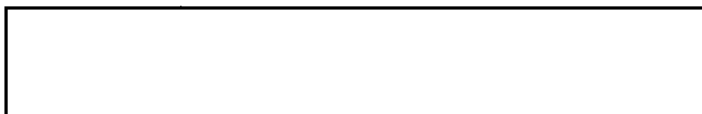
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Dissension in Venezuelan President's Party

The rift in the Democratic Action party (AD) appears to be primarily a struggle for control, but the more nationalistic faction generally known as ARS also has significant differences with Betancourt's "old guard" group over methods and ideology. In negotiations looking toward a compromise the radical faction is reported to have demanded a government foreign policy following party recommendations more closely, a more rapid program of nationalized industrialization, and a more radical agrarian reform than the Social Christian (COPEI) - AD coalition now is implementing.

One of the ARS representatives heads the Agrarian Workers Federation and has frequently criticized the pace and moderation of the government's agrarian reform measures. The Federation constitutes more than half of the membership of the Venezuelan Workers Confederation, the nation's principal labor organization, which is 70-75 percent controlled by the AD. Senator Cesar Rondon, another ARS representative and AD foreign relations secretary, headed a parliamentary delegation which visited the USSR last fall. Rondon's statements in Moscow favoring the establishment of Venezuelan-Soviet relations suggest at least one foreign policy change desired by the ARS.

Betancourt, an astute politician, successfully weathered a split in the party in the spring of 1960 when a small radical element defected to form the Marxist Leftist Revolutionary Movement (MIR); the present rift, however, appears to be far more extensive. A number of factors favor the continuing though possibly reduced dominance of the old guard over the party. These factors include the prestige of the old guard leaders; their control over party financial resources and government patronage; and the backing of the COPEI and of the national labor confederation--except for a part of the agrarian worker element. Moreover, the ARS recently confirmed its support of the government, suggesting its reluctance at this time to provoke

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a definite break in the AD, the country's largest political party.

The MIR, the Venezuelan Communists, and radical elements of the Democratic Republican Union--a former member of the governing coalition--have long collaborated in violence and other tactics against the government and can be expected to try to exploit the dissension in the AD. The Communists reportedly decided last October to promote AD factionalism as a means of undermining the Betancourt regime.

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